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June 2, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ACCEPT THE DEPARTMENT OF HEALTH SERVICES' RECOMMENDATIONS AS
CONTAINED IN THIS REPORT AND INSTRUCT THE DIRECTOR OF HEALTH SERVICES
TO TAKE THE STEPS NECESSARY TO IMPLEMENT THESE RECOMMENDATIONS**

IT IS RECOMMENDED THAT YOUR BOARD:

Accept the Department of Health Services' recommendations contained in this report and instruct the Director of Health Services to take the steps necessary to implement these recommendations.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

On May 28, 2003, I provided you with a memo outlining additional initiatives that the Department of Health Services (DHS) is pursuing to achieve both programmatic reforms and cost savings. Among the proposals discussed in this document were establishment of a policy limiting the provision of non-emergency care to only Los Angeles County residents and reevaluating of the Department's acceptance of transfers of patients from non-County hospitals. This memo is to provide you with further detail on these and other initiatives.

FISCAL IMPACT/FINANCING:

While the Department is still evaluating the fiscal impact of these recommendations, I do not believe, based on the current data available, that they will result in operational savings, unless corresponding reductions are made in service. Implementation of the actions outlined in this report will result in limiting the number of patients who may seek services in DHS facilities, but will likely result in the backfill of other patients in the same financial category.

BOARD OF SUPERVISORS

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However, the Department will monitor closely the implementation of these actions and the corresponding impact on workload. I will report to your Board any further recommendations that may be appropriate based on our findings.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

As noted above, this document contains recommendations in two areas: the provision of treatment to non-County residents and a revision in the acceptance of transfers from non-County hospitals. Below is a description of each of these recommendations.

Limiting Non-Emergency Medical Care to Only Los Angeles County Residents

As you know, last year, the Department established a Medical Benefits Coverage Group to evaluate the scope of services available in DHS facilities. One of the recommendations put forth by this group is the elimination of non-emergency medical care for non-Los Angeles County residents who do not have adequate third party coverage, e.g., Medi-Cal, Medicare, or insurance that covers 80 percent of charges. In addition, Out-of-County/Out-of-Country/Foreign Visitors would no longer be eligible for the County's Reduced Cost Health Care Plan options (Ability-to-Pay, Outpatient Reduced-Cost Simplified Application, Pre-Payment Plan, and the Child Delivery Plan).

To facilitate the implementation of this change in policy, DHS will have to take a number of steps, which include: putting into place a number of new or revised policies and procedures, such as patient address and identification verification; modifying the DHS Health Information System (Affinity); deferring patients to an alternate care site; and training of staff.

The following three-phase schedule has been developed, which includes consideration for staffing realignment necessitated by Fiscal Year 2003-04 budget curtailments and acknowledgment of the variable complexity within the range of DHS patient care facilities.

- I. Comprehensive Health Centers/Health Centers, High Desert Multi-service Ambulatory Care Center, and Public-Private Partners – October 1, 2003 target implementation.
- II. Hospital inpatient services and outpatient clinics – December 1, 2003 target implementation.
- III. Hospital emergency room follow-up treatment – March 1, 2004 target implementation.

As noted above, this change in policy would be applied not only to DHS-owned facilities, but to the Public Private Partnership (PPP) clinics as well. DHS would no longer reimburse PPPs for the provision of care to non-County residents and these providers would be required to determine residency as part of the patient intake process and only submit bills to DHS for those patients who can provide proof of County residency.

The above target implementation dates take into consideration the necessary process and system changes and the resolution of associated legal issues.

As noted above, DHS will not likely achieve operational savings from the implementation of this policy unless corresponding cuts in services are made. This policy will result in controlling the provision of non-emergency care to include only Los Angeles County residents and those non-Los Angeles County residents that have adequate third party coverage. Another possible impact of this change in policy is the potential reduction in the waiting time for both clinic appointments and scheduled inpatient admissions.

Patient Transfer Policies

In Fiscal Year 2001-02, inpatient transfers accounted for 1,947 of transfers initiated through the County's Medical Alert Center (MAC). Inpatient transfers from within the County system made up 635 admissions and private hospitals transferring into DHS facilities represented 1,312 transfers. During that same period, private hospitals made 6,751 transfers into DHS hospital emergency rooms.

The Department is working with County Counsel to review its legal obligation under EMTALA and applicable State laws with regard to the acceptance of patient transfers from private hospitals to ensure compliance with these laws while ensuring patient safety is not compromised.

The review and implementation of any changes to the Department's transfer protocols will be completed in two phases. First, by July 1, 2003, the Department will address the transfer of non-emergent inpatients from private facilities to DHS hospitals. The Department will spend the next month working to develop procedures to govern the acceptance of transfers from private hospitals into DHS facilities when clinical capacity is limited, as well as procedures to give to the MAC in its coordination of patient transfers. Additionally, notification will be provided to private hospitals of the change in DHS during this period.

The second, and more complex, issue relates to the transfer of emergent patients to DHS emergency rooms in those instances when the DHS hospital does not have the capacity to accommodate the clinical needs of the patient. Pending evaluation of the legal issues involved, the Department is targeting August 1, 2003, for the implementation of any changes necessary to address this issue.

To reiterate, while there may potential cost savings associated with this action, it is likely these savings will not materialize due to the probable backfill of patient admissions of the same financial category. However, this action will assist in facilitating inpatient admissions from DHS emergency rooms and planned admissions throughout the system, thus protecting patient safety and furthering the Department's efforts to enhance the quality of care in DHS hospitals.

CONTRACTING PROCESS:

Not applicable.

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IMPACT ON CURRENT SERVICES (OR PROJECTS):

As noted above, implementation of these two actions may result in decreased waiting times and increased access to other patients in the same financial category. As indicated in a May 28 memo to your Board, I will be reporting back within 30 days on additional programmatic reforms that the Department does not believe are preempted by the Court's ruling.

Please let me know if you have any questions.

Respectfully submitted,

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Director and Chief Medical Officer

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c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

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